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RECORDATION NO. Filed & Recorded

OCT 9 1973 -8 35 AM

INTERSTATE COMMERCE COMMISSION

RAILROAD EQUIPMENT LEASE
Dated as of October 1, 1973

AMONG

OCTOBER EQUIPMENT LEASING COMPANY, as Lessor

LEASING CONSULTANTS, as Agent for the Lessor

and

DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY, as Lessee

(1973 Leasing Consultants)

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Attachments

Exhibit "A"	-	Equipment Lease Schedule
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RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE dated as of October 1, 1973 among OCTOBER EQUIPMENT LEASING COMPANY, an Illinois limited partnership (the "Lessor"), Arthur Heim, doing business as LEASING CONSULTANTS, as Agent for the Lessor (the "Lessor's Agent"), and DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY (the "Lessee"),

WITNESSETH:

SECTION 1. DESCRIPTION OF LEASED PROPERTY:

Lessor does hereby lease and demise to Lessee, certain railway equipment (hereinafter sometimes referred to as the "Locomotives") described in Equipment Lease Schedule in the form of Exhibit "A" attached hereto which shall become a part of this Lease upon execution by Lessee.

The Locomotives have been or are in the course of being constructed by GENERAL MOTORS CORPORATION [ELECTRO-MOTIVE DIVISION] (hereinafter referred to as the "Manufacturer") and copies of the specifications (hereinafter referred to as "Specifications") have been delivered to Lessee and are incorporated herein by reference and made a part of this Lease as fully as though expressly set forth herein.

SECTION 2. DELIVERY AND ACCEPTANCE OF THE LOCOMOTIVES:

H.

A. Lessor shall deliver the Locomotives to Lessee F.O.T. LaGrange , Illinois, or at such other place outside the State of Illinois and within the United States of America, as Lessee and Lessor mutually agree. Delivery of said Locomotives is to commence on or about October 5, 1973 and is to be completed on or about October 31 , 1973. Lessor shall not be liable to Lessee for any failure or delay in making delivery of the Locomotives due to accident, fire, flood, explosion, labor difficulties, acts of the government including embargoes, priorities and allocations, war and war conditions, delays of carriers and any other cause or causes (whether or not of the same kind as herein specifically enumerated) beyond the Lessor's reasonable control. Lessee will cause its authorized representative to inspect the Locomotives, and each of them, at the point of delivery. If the Locomotives meet the Specifications, Lessee shall accept the same and shall issue and deliver to Lessor a Certificate of Inspection and Acceptance in respect of each Locomotive, substantially in the form attached hereto as Exhibit "B". The execution by Lessee of such Certificate of Inspection and Acceptance shall for all purposes of this Lease be deemed to be conclusive evidence that the Locomotive described therein has been delivered to and is in the possession of Lessee under and subject to all the terms of this Lease.

B. Lessee acknowledges that at all times during the term of this Lease, or any extension thereof, title to the Locomotives shall be vested in Lessor to the exclusion of Lessee, and that the sole rights of Lessee in the Locomotives are those arising out of the leasehold created hereunder.

SECTION 3. LEASE TERM OF LOCOMOTIVES:

The lease term for each Locomotive shall commence on the date the Locomotive is delivered to and accepted by Lessee, as evidenced by the Certificate of Inspection and Acceptance with respect thereto, and shall terminate 15 years following the date on which the first installment of fixed rent for such Locomotive is due as set forth in Section 4 below, unless sooner terminated in accordance with the provisions hereof.

SECTION 4. FIXED RENTS AND PAYMENT DATES:

- A. Lessee agrees that it will pay to Lessor's Agent the following rent for each Locomotive:
 - (i) As fixed rent for each Locomotive (over and above all other and additional sums to be paid by Lessee as hereinafter set forth) 60 installments of fixed rent, each payable in advance, in the amount provided for each Locomotive in Schedule A hereto.
 - (ii) As daily interim rent for each Locomotive, the amount per day provided for each Locomotive in Schedule A hereto, for the period, if any, from the date of delivery to and acceptance of each Locomotive by the Lessor to and including the due date of the first installment of fixed rent as hereinafter set forth.

The first installment of fixed rent and the total amount of the daily interim rent for all Locomotives delivered to the Lessee hereunder shall be due and payable on December 31, 1973. The second through sixtieth installments of fixed rent for all Locomotives shall be due and payable quarterly commencing March 31, 1974 and the last day of each June, September, December and March thereafter to and including September 30, 1988.

B. The amount of any installment of fixed rent remaining unpaid more than five (5) days of the due date thereof shall bear interest at the rate of Ten and three-quarter Per Cent (10-3/4%) per annum from and after such due date.

C. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Manufacturer of the Locomotives, mer except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Locomotives or any defect in or damage to or loss or destruction of all of any of the Locomotives from whatsoever cause, the taking or requisitioning of the Locomotives by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Locomotives, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary not-withstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 12 hereof, or until, pursuant to Section 18 hereof, the Locomotives are placed and ready for delivery to Lessor on the Lessee's lines, or are stored for the Lessor on the Lessee's lines, or leave the Lessee's lines for off-line delivery to the Lessor.

SECTION 5. ADDITIONAL SUMS PAYABLE BY THE LESSEE:

In addition to the fixed rents payable by the Lessee under the provisions of Section 4 above, Lessee shall, during the continuance of this Lease, pay any and all sales taxes, use taxes, excise taxes, personal property taxes, assessments and other governmental charges whatsoever, whether payable by Lessor or Lessee, on or relating to the Locomotives leased hereunder, including all such taxes, fees, assessments and charges upon Lessor by reason of its purchase or its ownership of such Locomotives and all such taxes, fees, import and export duties and charges, assessments and charges on the use, rental, shipment, transportation, delivery or operation of the Locomotives leased hereunder. This Section 5 shall not, however, obligate Lessee to pay, and there is specifically excluded from the operation of this Section 5, any and all Federal Income Taxes. In the event any ad valorem tax returns are required to be made on the Locomotives, Lessee shall prepare and file such returns in such manner as to show ownership of the Locomotives by Lessor. Any statement for such taxes received by Lessor shall be promptly forwarded to Lessee by Lessor. Lessee shall not be obligated to pay any amount under this Section 5 so long as it shall in good faith and by appropriate proceedings contest the validity or the amount thereof and, in the event the amount of the tax which is being contested including interest and penalties exceeds \$5,000.00, shall set up a reserve in accordance with sound accounting practice against such payment, unless such contest would adversely affect the title of Lessor to any Locomotive or would subject any Locomotive to forfeiture or sale.

SECTION 6. PLACE OF PAYMENT OF RENTS:

All or any portion of the fixed rents payable by Lessee under Section 4 above and all or any portion of the amounts payable by Lessee under Section 12 shall be paid to Lessor's Agent at his office at 221 North LaSalle Street in Chicago, Illinois 60601, or at such other places as Lessor's Agent or its assigns may hereinafter, from time to time, direct (including, if specifically requested in writing by Lessor's Agent, or its assigns, by bank wire transfer to such bank as it shall designate). Payment of any additional amounts required by Section 5 hereof shall be made at said place only to the extent that such payments are not being, or have not been, made by Lessee directly and are instead being paid to Lessor by way of reimbursement for, or to provide Lessor with the necessary funds to pay, the amounts required by Section 5 to be paid by Lessee. All rents and other sums payable to Lessor shall be paid in funds of the United States of America current in Chicago, Illinois.

SECTION 7. COVENANTS, REPRESENTATIONS AND WARRANTIES:

- A. Lessor represents and warrants that at the time a Locomotive becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Locomotive will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessee hereunder and of the Lenders pursuant to the Security Agreement and Assignment (subject to the rights of Lessee) as hereinafter set forth in Section 17 following and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undertermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees or other like liens arising in the ordinary course of business and not delinquent(such liens being herein called "Permitted Liens"). Lessor agrees to pay or hold the Lessee harmless from any such Permitted Liens.
- B. Lessee acknowledges and agrees that: (1) each Locomotive is of a size, design, capacity and manufacture selected by Lessee; (2) Lessee is satisfied that the same is suitable for its purposes; (3) Lessor is not a manufacturer thereof nor a dealer in property of such kind; and (4) except as provided in A. above with respect to Lessor's title, LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF ANY SUCH LOCOMOTIVE IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION OR WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO. The Lessee's acceptance of delivery of the

Locomotives shall be conclusive evidence as between Lessee and Lessor that all Locomotives described in the Certificates of Inspection and Acceptance are in all respects satisfactory to Lessee and that Lessee will not assert any claim of any nature whatsoever against the Lessor with respect to size, design, capacity, manufacture, merchantability, condition, quality, durability or suitability of any Locomotive. Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by a Locomotive or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business or any damage whatsoever and however caused.

- C. The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by the Lessee's Board of Directors; and this Lease is legal, valid and binding and enforceable against Lessee in accordance with the Lease terms.
- D. No litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.
- E. Lessee warrants that there are no governmental authorizations, approvals or exemptions required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Locomotives hereunder, for the payment or agreement as to rentals or to any of the other terms and conditions herein provided; or, if any such authorizations are required, that they have been duly obtained and, if any such shall hereafter be required, they will be promptly obtained.
- F. Obligations to make rentals and other payments under this Lease will constitute expenses of administration of Lessee, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessee; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 8. PATENT INDEMNIFICATION CLAUSE:

Lessee agrees to and does hereby indemnify, protect and hold harmless Lessor and any assigns of Lessor from and against any and all liability, claims, demands, costs, charges and expenses,

including royalty payments and expenses of litigation including counsel fees, in any manner imposed upon or accruing against Lessor or its assigns, because of the use of, or relating to the construction or operation of the Locomotives or any article or material specified by Lessee but not manufactured by the Manufacturer, having to do with material, design, system, process or formulae which infringes or is claimed to infringe upon any patent or other rights.

SECTION 9. REPAIRS AND MAINTENANCE:

Lessee shall during the continuance of the Lease keep the Locomotives in good working order, condition and repair, reasonable wear and tear excepted and, without limiting the foregoing, shall make all replacements, changes or additions to the Locomotives or their equipment and appliances to the extent required from time to time by the Code of Rules of the Association of American Railroads for continuing Locomotives in interchange service and by applicable laws and regulations of any state or governmental body, all at Lessee's cost and expense, provided, however, that Lessee shall not be required to make any repairs or replacements to a particular Locomotive if Lessee shall terminate the lease term with respect to that Locomotive pursuant to the provisions of Section 12 hereof. Any and all replacements, repairs and substitutions of parts of the Locomotives shall constitute accessions to the Locomotives and title thereto shall immediately vest and remain in Lessor.

SECTION 10. SUBROGATION:

Lessor agrees that Lessee shall be entitled to the proceeds of any claim or right of Lessor or Lessee against third persons for injury, damage, or loss with respect to the Locomotives or the use or operation thereof, including settlements pursuant to the Association of American Railroads' rules, and Lessee shall be subrogated to all Lessor's rights of recovery therefor against any other person, firm or corporation. Lessor hereby authorizes Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of Lessor, and Lessor agrees to have Lessor's Agent execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence Lessee's authority and/or to vest in Lessee such proceeds or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which Lessee is entitled to proceeds or subrogation as aforesaid, Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of Lessee to such proceeds or to

such subrogation provided, however, that all costs and expenses, including court costs and attorneys' fees, in connection with enforcing or realizing upon any such claim or right to proceeds or obtaining enforcement of or realizing upon such right of subrogation, shall be borne and paid by Lessee.

SECTION 11. USE AND POSSESSION OF THE LOCOMOTIVES:

- A. During the continuance of this Lease, Lessee shall, so long as it is not in default hereunder, be entitled to and shall have the exclusive use and possession of the Locomotives. Lessee agrees that the Locomotives will be used solely on its own lines and upon the lines of railroads in the continental United States and the Dominion of Canada in the usual interchange of traffic; provided, however, that any use in Canada shall be incidental and temporary. Lessee further agrees that the Locomotives will at all times be used and operated in compliance with all lawful acts, rules and regulations of any executive or judicial body or officer having power to regulate or supervise the use of the Locomotives and in compliance with the Code of Rules of the Association of the American Railroads; provided, however, that Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner which will not adversely affect the title of Lessor to any Locomotive or subject any Locomotive to forfeiture or sale.
- B. Lessee agrees that it will not, without the prior written consent of Lessor's Agent, assign this Lease or any of its rights hereunder or sub-lease any Locomotive; provided, however, that nothing herein contained shall be deemed to prevent (i) a consolidation or merger of Lessee or a transfer referred to in Section C. following, subject to compliance to the terms and conditions therein stated, or (ii) the sub-lease or use of any of the Locomotives by others upon lines of railroads in the continental United States and the Dominion of Canada in the usual interchange of traffic; provided, however, that any use in Canada shall be incidental and temporary, or (iii) the sub-lease or use of any of the Locomotives by ANN ARBOR RAILROAD, a wholly owned subsidiary of Lessee. No such assignment, sub-lease or permitted use referred to in this Section shall relieve Lessee of any of the obligations, liabilities or duties hereunder. Lessee may receive and retain for its own account such compensation for sub-letting the Locomotives and/or for the use of the Locomotives by others, as provided in this Section, as Lessee may determine. Without limiting the foregoing, it is contemplated that Lessee shall receive insofar as applicable law and regulations allow, all

mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of the Locomotives and if for any reason Lessor shall receive any Mileage then (unless an Event of Default as defined in Section 12 shall have occurred and be continuing) Lessor shall remit such Mileage to Lessee promptly after Lessee shall furnish to Lessor an opinion, ruling or other evidence satisfactory to Lessor that the remittance thereof to Lessee will not violate any applicable law or regulation.

- C. Subject to compliance with the provisions of this Section, nothing in this Lease shall prevent any consolidation or merger of Lessee with or into any other corporation or corporations or the transfer of all or substantially all of Lessee's assets (including the right, title and interest of Lessee hereunder) as an entirety to any corporation; provided, however, that upon any such consolidation, merger or transfer, the successor corporation formed by such consolidation or into which such merger shall have been made or which acquires by transfer, the right, title and interest of Lessee hereunder as an entirety, shall be a corporation which is organized under the laws of the United States of America or any State thereof and which is lawfully entitled to acquire Lessee's interest hereunder and operate the Locomotives and shall execute and deliver to Lessor's Agent, simultaneously with such consolidation, merger or transfer a supplement hereto, in form satisfactory to Lessor's Agent, containing an agreement on the part of such successor corporation to assume the due and punctual payment of all the rents and other sums due and to become due hereunder and the due and punctual performance and observance of all the covenants and conditions of this Lease which are to be performed or observed by Lessee, with the same effect and to the same extent as if such successor corporation had been the Lessee originally named herein.
- D. No mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect any property or interest therein of Lessee, now attached or will hereinafter attach to the Locomotives or in any manner affects or will affect adversely Lessor's right, title and interest therein; Lessee will keep the Locomotives free and clear of any and all liens, charges and encumbrances which may be levied against or imposed upon the Locomotives as a result of the failure of Lessee for any reason to perform or observe any of the covenants or agreements required to be performed or observed by the Lessee hereunder, and of any and all liens, encumbrances and charges of persons claiming by, through or under the Lessee, firm or corporation in possession of any Locomotive under the provisions of Section B. hereof.

SECTION 12. LOSS, THEFT OR DESTRUCTION OF LOCOMOTIVES AND SETTLEMENT THEREAFTER:

- A. In the event that during the term hereof any Locomotive is lost, destroyed or is "uneconomical to repair" (as that term is hereinafter defined) Lessee shall have the option either to replace such Locomotive with another Locomotive of the same type, quality and substantially equal fair market value or to terminate this Lease in respect of such Locomotive on the following terms and conditions:
 - (i) The Lessee shall give the Lessor's Agent written notice of the exercise of the option designating the date (the "settlement date") on which the Lease shall terminate in respect of the Locomotive. The settlement date shall be the next date on which an installment of fixed rent is due and which is not less than 10 days subsequent to the date such notice is given to the Lessor's Agent; and
 - (ii) On the settlement date, Lessee shall pay Lessor's Agent the "settlement value" of the Locomotive (as that term is hereinafter defined) computed as of the settlement date or shall pay to such person as the Lessor's Agent may designate, in exchange for execution and delivery by Lessor to Lessee of a Bill of Sale conveying good title to the Locomotive free and clear of any and all liens, claims and encumbrances by persons claiming by, through or under Lessor or any assignee or secured party referred to in Section 17 hereof. Upon such payment, the Lease shall terminate as to such Locomotive and no installment of fixed rent shall be payable on such settlement date for or in respect of such Locomotive and no further installments of fixed rent shall be payable for or in respect of such Locomotive.
- B. In connection with the termination and settlement under Section A. above, it is understood and agreed that:
 - (i) The "settlement value" of any Locomotive shall be an amount determined as of the December 31 last preceding the date the settlement value is paid equal to that percentage of the cost of such Locomotive as set forth in Exhibit "C" attached hereto.

- (ii) The term "uneconomical to repair" shall mean that (a) a locomotive has been damaged to an extent that the cost of repair of the Locomotive would exceed 75% of the settlement value of the Locomotive, or (b) compliance with the requirements of Section 10 hereof would require the change, replacement or addition of any appliances or equipment on any Locomotive and the cost of such change, replacement or addition would exceed 75% of the settlement value of the Locomotive, all as established by a Certificate signed by the Chief Engineer of Lessee setting forth in reasonable detail the nature of the repairs, or, as the case may be, replacements, changes or additions which would be required.
- (iii) In any settlement under this Section 12
 Lessee shall be entitled to credit for the amount of
 any proceeds of any insurance and any settlement under
 the Association of American Railroad rules which may have
 been received by Lessor on account of the loss, theft,
 damage or destruction of the Locomotive or any part
 thereof for which settlement is then being made.
- (iv) If at the time of any settlement under this Section 12 any interest on overdue installments of fixed rents remains unpaid, the portion of such interest applicable to the Locomotive involved in the settlement shall also be paid at the time of such settlement.
- C. In the event that during the term of this Lease the use of any Locomotive is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority with compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by Lessor as its sole property. Lessee shall give Lessor's Agent prompt notice of any such governmental attempt to take or requisition. Lessor's Agent shall have the right to control the defense of any such action, all expenses, including attorneys' fees, to be paid by Lessee.

SECTION 13. INDEMNITY:

Lessee does hereby assume, and does hereby agree to indemnify, protect, save and keep harmless Lessor, its agents and servants and any assigns of Lessor from and against, any and all losses, damages, injuries, claims, including claims for negligence or strict liability in tort, demands and expenses, including legal expenses, of whatsoever kind and nature arising on account of the ownership, leasing, condition (whether defects are latent or discoverable by the Lessor or by the Lessee), use or operation of any Locomotive subject to this Lease, and by whomsoever used or operated, during the lease term. Lessee shall not, however, be required to pay or discharge any claim or demand referred to in this Section 13 so long as the validity or the amount thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner which will not adversely affect the title of Lessor to the Locomotives or any part thereof or result in the forfeiture or sale of any Locomotive. The indemnities and assumptions of liability in this Section 13 contained shall continue in full force and effect as to losses, damages and injuries occurring and claims and demands arising on account of the use or operation of any Locomotive while it is subject to this Lease notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any Locomotive, whether by expiration of time, by operation of law or otherwise. Lessor shall give Lessee prompt notice of any claim or liability hereby indemnified against, and Lessee shall be entitled to control the defense thereof.

SECTION 14. INSURANCE:

A. Lessee will maintain at its sole cost and expense at all times during the continuance of this Lease and thereafter so long as the Locomotives leased hereunder shall be located upon the lines of the railroad or other property of Lessee, public liability, fire and the perils covered by standard extended coverage endorsements, for the benefit of Lessor and Lessee, as their interests appear, in amounts, in form and with insurance companies or underwriters as shall be satisfactory to Lessor from time to time and shall deliver to Lessor's Agent satisfactory evidence of such insurance coverage. Without limiting the foregoing, each insurance policy shall provide that it will not be invalidated as against Lessor, because of any violation of a condition or warranty of the policy or application therefor by Lessee and that it may be altered or cancelled by the insurer only after thirty (30) days advance written notice to and that losses shall be adjusted only with the consent of Lessor or its assigns. If Lessee shall fail to provide and furnish any of said insurance, Lessor's Agent may procure such insurance, and Lessee shall upon demand reimburse Lessor for all outlays for such insurance, with interest thereon computed at the rate of 9-3/4% per annum. Lessor's Agent shall be furnished with two certified copies of all insurance policies.

- All such insurance shall cover both the interest of Lessor and Lessee in the Locomotives, or as the case may be, shall protect Lessor and Lessee in respect of risks arising out of the condition, maintenance, use or operation of the Locomotives and shall provide that losses, if any in respect of the Locomotives shall be payable to Lessee and Lessor as their respective interests may appear; provided, however, that in the event Lessor has granted a security interest in any Locomotive, or assigned this Lease with respect to any Locomotive, Lessee upon being notified in writing of any such security interest or assignment by Lessor shall cause such insurance to provide that losses, if any, in respect of such Locomotive shall be payable under a standard mortgage loss payable clause to the Secured Party or Assignee as its interest may appear. Lessee shall furnish Lessor with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration of the original policy or policies.
- C. The proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessee upon a written application signed by the Treasurer or the Assistant Treasurer of Lessee for the payment of, or to reimburse Lessee for, the payment of the cost of repairing, restoring or replacing the Locomotive which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repairs, restoration or replacement) unless Lessee is at the time in default in the payment of any other liability hereunder of Lessee to Lessor, in which event such proceeds shall be applied against such other unpaid liability. If settlement is being made by Lessee for the Locomotive pursuant to Section 12, such insurance proceeds shall be credited upon such settlement, or if settlement has been made, paid over promptly to Lessee.



SECTION 15. IDENTIFICATION OF CARS; NUMBERING:

A. Upon or before the delivery to Lessee of each of the Locomotives, Manufacturer has agreed to cause to be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of such Locomotive a legend bearing the following words in letters not less than one inch in height:

Leased to the Detroit, Toledo and Ironton Railroad Company by Leasing Consultants (Chicago, Illinois), Lessor's Agent, and subject to a Security Interest recorded with the I.C.C.

In case, during the continuance of this Lease, any such legend shall at any time be painted over or herwise made inconspicuous, removed, defaced or destroyed on any Locomotive, Lessee shall immediately cause the same to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on any of the Locomotives as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Locomotives may be lettered with the names or initials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Locomotives under this Lease.

B. On or prior to the time of delivery of each Locomotive to Lessee, Manufacturer has agreed to cause to be placed on each side of such Locomotive the identifying reporting mark and the Railroad's Road Number, as shown on Exhibit "A". At all times thereafter, during the continuance of this Lease, Lessee will cause each Locomotive to bear the numbers so assigned to it, and Lessee will not change or permit to be changed the numbers of any such Locomotive except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 16. DEFAULTS:

- A. The following shall constitute Acts of Default hereunder:
 - (i) Lessee shall fail in the payment of any installment of rent (including as rent within the meaning of this paragraph the sums payable by Lessee under Section 12 hereof) and such default shall in any case continue for more than five (5) days after the same is due and payable; or
 - (ii) Lessee shall make a voluntary assignment or transfer of Lessee's interest as Lessee hereunder (in a manner or to a person not permitted by the terms hereof) or of all or substantially all of its property; or
 - (iii) Lessee shall for more than 30 days after written notice by Lessor's Agent or any assigns of Lessor fail or refuse to comply with any other of the terms and covenants herein on its part to be kept and performed, or to make provision satisfactory to Lessor for such compliance; or

- (iv) Lessee shall become insolvent or bankrupt or admit in writing its inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; or
- (v) Default shall occur under any evidence of indebtedness issued or assumed by Lessee, or under any indenture, agreement or other instrument under which the same may be issued and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such indebtedness; or
- (vi) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereinafter be amended, shall be filed by or against the Lessee, and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall occur earlier; or
- (vii) Any other proceedings shall be commenced by or against Lessee for any relief under any Bankruptcy or Insolvency Laws or laws of any state or of the United States relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of Lessee hereunder), and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for Lessee or for the property of Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall occur earlier.
- B. After occurrence of an Event of Default, in addition to all rights and remedies now or hereafter provided by law, for the repossession of the Locomotives and for the recovery of damages occasioned by Lessee's default, Lessor may exercise the following rights and remedies, all of which shall be cumulative and not exclusive of one another:

- (i) Elect only to terminate Lessee's right of possession (but not to terminate the Lease), without releasing Lessee in whole or in part from its obligations hereunder for the remaining term of this Lease, and thereupon take possession of any or all of the Locomotives as provided herein. Lessor may, but is under no duty to, repossess the Locomotives and relet the same or any part thereof to others for such rent and upon such terms as it may see fit. The proceeds of any such reletting shall first be applied to the expense of retaking and reletting of the Locomotives and delivery to the new Lessee, and then to the payment of rent due under this Lease. Lessee shall pay any deficiency remaining due after so applying the proceeds as the same shall accrue. Lessor shall not be required to accept or receive any lessee offered by Lessee. The election by Lessor to relet the Locomotives and the acceptance of a new lessee, shall not operate to release Lessee from liability for any existing or future default in any other covenant or promise herein contained.
- (ii) Declare this Lease terminated and recover from Lessee as liquidated damages, but not as penalty, all amounts which are then due and payable under this Lease, and an aggregate sum, which at the time of such termination, represents the excess, if any, of the then present value of the aggregate rents which would have accrued for the balance of the term of this Lease over the then present value of the aggregate fair rental value of the Locomotives for the balance of the term, such present worth to be computed in each case on the basis of a 6 % per annum discount from the respective dates upon which such rents would have been payable hereunder had this Lease not been terminated.
- (iii) Proceed by appropriate court action or actions either at law or in equity to enforce performance by Lessee of the applicable covenants and terms of this Lease or to recover from Lessee, any and all damages or expenses including reasonable attorneys' fees, which Lessor shall have sustained by reason of Lessee's default in any covenant or covenants of the Lease or on account of Lessor's enforcement of its remedies hereunder.
- (iv) Recover or take possession of any or all of the Locomotives wherever they may be found.

- C. Without limiting the foregoing, it is specifically understood that any modification, limitation, or discharge of Lessee's liability under the Lease arising out of or by virtue of any bankruptcy arrangement, reorganization or similar proceeding for relief of debtors under federal or state law hereunder initiated by or against Lessee shall not affect or act to modify, limit, or discharge the liability of Lessee in any manner whatsoever, and this guarantee shall remain in full force and effect and shall be enforceable against Lessee, to the same extent and with the force and effect as if such proceedings had not been instituted; and it is the intent and purpose of this guarantee that Lessee waive, and Lessee does hereby waive, all rights am benefits which might accrue to it by reason of any such proceeding and that it shall be liable for the full amount of rents and other sums, including all damages imposed, payable under the terms of the Lease, irrespective and without regard to any modification, limitation or discharge of the liability of Lessee that may result from any such proceedings. In the event any statute or ruling of law requires this clause to be void or of no effect, it is then hereby rendered void and of no effect and its insertion herein shall have no effect upon the legality or enforceability of any other portion of this Lease.
- D. In the event any Locomotives are to be surrendered to Lessor pursuant to any of the foregoing provisions of this section, and Lessor's Agent shall not otherwise elect by written instrument delivered to Lessee, Lessee shall forthwith deliver possession of the Locomotives to the Lessor in good order and repair, ordinary wear excepted. For the purpose of delivering possession of any Locomotives to Lessor as above required, Lessee shall, at its own cost and expense, forthwith:
 - (i) assemble such Locomotives and place them upon storage tracks within 25 miles of Chicago, Illinois (or such other place or places as the parties hereto shall agree in writing);
 - (ii) provide storage at the risk of Lessee for such Locomotives on such tracks for a period of 100 days after written notice to Lessor's Agent specifying the place of storage and car numbers of the Locomotives so stored; and
 - (iii) cause the same or any thereof to be transported, at any time within such 100 day period, to any place or places on lines of a railroad within a 25-mile radius of such storage tracks on which the Locomotives have been assembled, all as directed by Lessor.

The assembling, delivery, storage and transporting of the Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having a jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Locomotives.

E. The remedies herein provided in favor of the Lessor in the event of default as hereinabove set forth shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing in law, in equity or in bankruptcy.

The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 17. ASSIGNMENT BY LESSOR FOR SECURITY PURPOSES:

Lessor intends to assign this Lease and all rents and other sums due and to become due hereunder as collateral security for indebtedness of Lessor incurred to provide funds to pay or reimburse the Lessor for the payment of the purchase price of the Locomotives, such assignee being hereinafter referred to as the "Secured Assignee." Upon such assignment, Lessor's Agent shall give written notice to Lessee, stating the name and post office address of the Secured Assignee, and all rents and other sums payable by Lessee which are the subject matter of such assignment shall thereafter be paid as directed by the Secured Assignee. Secured Assignee shall not be bound by or obligated to perform or see to the performance of any duty, covenant or condition or warranty (express or implied) made by Lessor or required to be observed or performed by Lessor under any of the terms hereof, but on the contrary, Lessee by its execution hereof acknowledges and agrees that notwithstanding such assignment each and all of such covenants and agreements of Lessor and all representations and warranties shall survive such assignment and shall be and remain the sole liability of Lessor and of every person, firm or corporation succeeding (by merger, consolidation, purchase of assets or otherwise) to all or substantially all of the business, assets or good will of Lessor. Without limiting the foregoing, Lessee further acknowledges and agrees that in the event of such assignment, the rights of such Secured Assignee in and to the sums payable by Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of any damage to or loss or destruction of any Locomotive, or any part thereof, or by reason of any defect in or failure of title of Lessor or interruption from whatsoever cause (other than from the wrongful act of such assignee) in the use, operation or possession of any Locomotive, or any part

thereof, or by reason of any indebtedness or liability, howsoever and whenever arising, of Lessor to Lessee, or to any other person, or for any other reason whatever, it being the intent hereof that Lessee shall be absolutely and unconditionally obligated to pay all such sums to the Secured Assignee except in the event of a wrongful act of the Secured Assignee. It is further understood and agreed that a security interest in the Locomotives may be granted by Lessor to such Secured Assignee under a Security Agreement. In any such event, the right, title and interest of the Secured Party under any Security Agreement covering any Locomotives shall by the express terms of such Security Agreement be subject to the right, title and interest of Lessee under this Lease.

Lessor and Lessee acknowledge and agree that in the event of such assignment or the grant of a Security Interest and upon notice thereof to Lessee, the Secured Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of Lessor for the use and benefit of the Secured Assignee) which by the terms of the Lease or by applicable law are permitted or provided to be exercised by Lessor, and Lessee will take direction from the Secured Assignee with respect to the Locomotives and the payment of rents, and upon the termination hereof will deliver the Locomotives to such Secured Assignee or upon its order.

All terms, provisions, covenants and agreements contained in this Section 17 shall inure to the benefit of the Secured Assignee and its successors and assigns, including each and every successive holder of the indebtedness secured by the assignment referred to in this Section.

SECTION 18. RETURN OF UNITS UPON EXPIRATION OF TERM:

As soon as practicable on or after the expiration of the term of this Lease with respect to any Locomotives, Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Locomotives to Lessor upon such storage tracks of Lessee as Lessor may designate, and permit Lessor to store such Locomotives on such tracks for a period not exceeding 100 days and transport the same, at any time within such 100 day period, to any reasonable place on the lines of railroad operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor, the movement and storage of such Locomotives to be at the expense and risk of Lessee. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same.

SECTION 19. MISCELLANEOUS:

- A. <u>Inspection and Inventories</u>. During the continuance of this Lease, <u>Lessor shall have the right</u> at its own cost and expense to inspect the Locomotives at any reasonable time or times whether on Lessee's line or elsewhere. Lessee shall at least once every year furnish Lessor's Agent with an accurate inventory of all Locomotives in service showing their location at such time to the best knowledge of Lessee.
- B. Transfer of Manufacturers' Warranty. Lessor hereby transfers and assigns to Lessee for and during the term of this Lease all of its right, title and interest in, under and to any manufacturer's warranty in respect of the Locomotives and agrees to execute and deliver such further instrument and to do such further acts as may be necessary to enable Lessee to obtain customary warranty service for the Locomotives by the Manufacturer.
- C. Recording of the Lease. Prior to the delivery and acceptance of the first Locomotive, Lessor's Agent intends (at the expense of Lessee) to cause this Lease, or an acceptable memorandum thereof, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Lessee will upon the request of Lessor's Agent also promptly cause this Lease, or an acceptable memorandum thereof, to be filed, registered or recorded (and thereafter will cause it to be filed, registered or recorded, and refiled, re-registered, and re-recorded whenever and wherever required) in each place in the United States of America or elsewhere as and when designated by Lessor's Agent for the proper protection to the satisfaction of Lessor's Agent of Lessor's title to the Locomotives. Lessee will pay all costs, charges and expenses incident to the filing, refiling, registering, re-registering, recording and re-recording of any such further instrument or incident to the taking of any such other action.
- D. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to the Lessor or the Lessor's Agent:

c/o Leasing Consultants 221 North LaSalle Street Chicago, Illinois 60601

with a carbon copy to Lederer, Fox and Grove 111 West Washington Street Chicago, Illinois 60602 and If to the Lessee: Detroit, Toledo and Ironton Railroad Company 13520 Michigan Avenue Dearborn, Michigan Attn: Vice President - Finance or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. E. Lessee will keep proper books of account and records and will deliver, or cause to be delivered to Lessor's Agent, in duplicate: (a) as soon as available and in any event within 90 days after the end of each quarterly fiscal period of Lessee (except the last such period in each fiscal year), a copy of the balance sheet of Lessee as at the end of such period and an income and surplus statement of Lessee for the period of the current fiscal year ending at the date of the balance sheet, prepared and certified by the principal accounting office of Lessee; and (b) as soon as available and in any event within 120 days after the close of each fiscal year of Lessee a complete audit report certified by independent Certified Public Accountants of recognized standing covering the operations of Lessee for such fiscal year and containing a balance sheet and an income and surplus statement of Lessee for such fiscal year, prepared in comparative form covering the preceding fiscal year. F. This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. This Lease may be executed in any number of counterparts, which may be photocopies hereof, each counterpart constituting an original but all together one and the same instrument and contract. G. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois. -20-

- H. This Lease constitutes the entire understanding of the parties in respect to the Locomotives and the rights of the parties thereto.
- I. It is agreed that Lessee, in consideration for the execution of this Lease, certifies that the Locomotives are "New Section 38 Property" for purposes of Section 38 of the Internal Revenue Code of 1954, as amended, and that it will not make any claim for investment tax credit under such Lease. The Lessee agrees that in the event that any claimed investment tax credit is disallowed to the Lessor for any reason, then the quarter-annual rental payments for each Locomotive affected by such determination shall be retroactively increased by an amount equal to the prorata part of investment tax credit disallowed plus compound interest thereon at the rate of 9-3/4% per annum.
- J. It is understood by and between the parties that time is of the essence with respect to the performance of the covenants herein contained.

SECTION 20. PURCHASE OPTION:

Not more than six months prior to 180 months from the date of this Lease, Lessee will cause the Appraiser (as hereinafter defined) to render, at the expense of Lessee, an appraisal of the fair market value of the Locomotives and the written report of the Appraiser setting forth its determination of such fair market value shall be delivered to Lessor and Lessee not later than four months prior to 180 months from the date of this Lease. Such fair market value as so determined in respect of any Locomotive is hereinafter called the "Market Value" of such Locomotive.

After Lessee shall have caused such appraisal to be made, Lessee, by written notice delivered to Lessor's Agent not later than three months prior to 180 months from the date of this Lease, unless an Event of Default shall have occurred, may elect to purchase all, but not fewer than all, of the Locomotives, the Market Value of which shall have been determined as herein provided, for an aggregate purchase price in cash equal to the greater of ten per cent (10%) of the cost of the Locomotives as set forth on the Manufacturer's paid invoices or the Market Value of such Locomotives, which is to be payable for each Locomotive on the date on which the term of this Lease for each such Locomotive expires. Upon payment of the purchase price of any Locomotive, Lessor shall upon the request of Lessee execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (with representations or warranties that such Locomotives are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for such Locomotive paid for, and such other documents as may be required to release such Locomotive from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may reasonably be requested by Lessee, all at Lessee's expense. The term "Appraiser" shall mean such independent appraiser as Lessor and Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two selected. Lessor shall be under no obligation to deliver said Locomotives to any assignee and this shall be the sole obligation of Lessee.

SECTION 21. OPINIONS OF COUNSEL:

Concurrently with the delivery and acceptance of the first Locomotive hereunder, the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee addressed to the Lessor, the Agent and to any assignee under Section 17 of which the Lessee has notice, in scope and substance satisfactory to the Lessor, to the effect that:

- (a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware;
- (b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;
- (c) This Lease and the Acquisition Agreement of even date herewith, among the Lessor, the Lessor's Agent and the Lessee have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;
- (d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment in the United States of America and in Canada;
- (e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance of the Acquisition Agreement or this Lease;

- (f) The execution and delivery by Lessee of the Acquisition Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation of or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Lessee, except as contemplated and permitted hereby; and
- (g) As to any other matters which Lessor shall reasonably request.

Upon request, Lessor shall provide Lessee with a favorable written Opinion of Lessor's Counsel that Lessor has good title to the Locomotives which are the subject of this Lease and that they are free and clear of any liens and encumbrances in any claims of third persons, excepting only the lien of the Secured Assignee arising under the terms of the heretofore mentioned assignment of this Lease and any Security Agreement relating to the Locomotives leased hereunder and of current ad valorem taxes not in default and the right, title and interest of Lessee under the Lease.

SECTION 22. 360 DAY YEAR:

Computations hereunder involving the determination of interest or discount shall be made on the basis of a 360 day year of twelve 30-day months.

SECTION 23. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS:

Lessee agrees that, during the continuance of this Lease, Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessee under this Lease, or

(ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Railroad or Lessee (except the equipment or other property involved in the particular transaction) unless the obligations of Lessee under this Lease are equally and ratably secured thereby.

IN WITNESS WHEREOF, Lessor, Lessor's Agent and Lessee have each caused this instrument to be executed in its corporate and/or registered name by its President or by one of its Vice Presidents thereunto duly authorized, and its corporate seal to be affixed and attested by its Secretary or one of its Assistant Secretaries, all as of the day and year above written.

October Equipment Leasing Company, an Illinois limited partnership

By Attust ein

Arthur Heim, doing business as Leasing Consultants

By Arthur Line

Detroit, Toledo and Ironton Railroad Company

By G. C. President pperations

(CORPORATE SEAL)

ATTEST:

STATE OF MICHIGAN COUNTY OF WAYNE

On this 4th day of October , 1973, before me personally appeared ARTHUR HEIM, to me personally known, who being by me duly sworn, says that said instrument was signed and sealed on his behalf and he acknowledged that the execution of the foregoing instrument was his free act and deed.

commission expires

MARION A. LITTLE, NOTARY PUBLIC, WAYNE COUNTY, MICH. MY COMMISSION EXPIRES APRIL 3, 1976

STATE OF COUNTY WAYNE

On this 4th day of October , 1973, before me personally appeared A. C. ROBINSON , to me personally known, who being by me duly sworn, says that he is the Operations Vice President of Detroit, Toledo and Ironton Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary: Seal)

commission expires

regridor pr little rotery public, wayne county, mich. MY COMMISSION EXPIRES APRIL 3, 1975

EQUIPMENT LEASE SCHEDULE

Exhibit "A"

- 1. Description of Equipment: Eight (8) GP 40-2, 3000 H.P. Locomotives per General Motors Corporation [Electro-Motive Division] Purchase Order A 93410
- 2. Lessee's Road Numbers: D.T.& I. 414 thru D.T.& I. 421 both numbers inclusive.
- 3. Term: Ending December 31, 1988. Commencing: Upon execution of a Certificate of Inspection and Acceptance.
- 4. Rent Per Loco: \$ 7,893.25 Total: \$ 63,146 quarter per quarter-annual period, payable on the first day of each of said sixty (60) quarter-annual periods; the first such quarter-annual period shall commence on December 31, 1973. The rent for the fractional period preceding the first quarter-annual period commencing on the date of delivery and acceptance and the first quarter-annual installment of fixed rent shall be paid on December 31, 1973.
- 5. Daily Interim Rent: Per Loco: \$ 87.70
- 6. Outside Delivery Date: October 31, 1973

In the event the price of any Locomotive covered by this Exhibit is greater or less than \$ 266,278 , the Fixed Rent and Daily Interim Rent for such Locomotive shall be ratably increased or decreased.

APPROVED AND AGREED TO this 4th day of October, 1973, as a schedule to and part of Equipment Lease Agreement dated the 1st day of October, 1973.

> DETROIT, TOLEDO AND IRONTON RAILROAD COMPANY

Attest

Judul Lessor's Agent

Leasing Consultants

CERTIFICATE OF INSPECTION AND COMPANY ACCEPTANCE

Dated this day of 1973, at the City of LaGrange , in the State of Illinois .

Gentlemen:

The undersigned Inspector of DETROIT, TOLEDO and IRONTON RAILROAD COMPANY (the "Lessee") hereby certifies that he has made a thorough examination of eight locomotives bearing numbers as follows:

414 thru 421

and hereby accepts them for Lessee under and pursuant to that certain Railroad Equipment Lease dated as of October 1, 1973 between OCTOBER EQUIPMENT LEASING COMPANY, an Illinois limited partnership, as Lessor, and the Lessee, that each of said locomotives is plainly marked in stencil on both sides of each locomotive with the words "Leased to the Detroit, Toledo and Ironton Railroad Company by Leasing Consultants (Chicago, Illinois), Lessor's Agent, and subject to a security interest recorded with the I.C.C." in readily visible letters not less than one inch (1") in height, and that each of said locomotives fully complies with the specifications referred to in said Railroad Equipment Lease.

Inspector for Detroit, Toledo and Ironton Railroad Company

EXHIBIT "B"

SCHEDULE OF COMPUTATION OF SETTLEMENT VALUE

DECEMBER 31:	APPLICABLE PERCENTAGE OF COST PER LOCOMOTIVE:
1975 and prior	100%
1976	95%
1977	90%
1978	85%
1979	80%
1980	75%
1981	70%
1982	65%
1983	55%
1984	50%
1985	40%
1986	30%
1987 and subsequently	20%
- •	·

,	Lessor's Cost per Locomotive
Types of Locomotives_	(U. S. Currency)
GP 40-2	266.278